MINERALS MANAGEMENT SERVICE

Annual Performance Plan for Fiscal Year 1999

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QUICK REFERENCE TO
GPRA-REQUIRED ELEMENTS

Requirement	Location
1. Establish performance goals to define the level of performance to be achieved by a program activity.	See discussion on pages 6 and 9 and chart on pages 7-8.
2. Express goals in an objective, quantifiable, and measurable form, unless authorized to be in an alternative form.	See discussion on pages 6 and 9-10 and chart on pages 7-8.
3. Describe the operational processes, skills and technology, and the human, capital, information, or other resources required to meet performance goals.	See discussion on pages 10-11 and tables on pages 17-18.
4. Establish performance indicators to be used in measuring or assessing the relevant outputs, service levels, and outcomes of each program activity.	See discussion on page 14 and table on pages 14-16.
5. Provide basis for comparing actual program results with the established performance goals.	See table on pages 14-16.
6. Describe the means to be used to verify and validate measured values.	See discussion on pages 11-14.

MISSION

To manage the mineral resources on the Outer Continental Shelf in an environmentally sound and safe manner and to timely collect, verify, and distribute mineral revenues from Federal and Indian lands.

INTRODUCTION

The Minerals Management Service (MMS) manages the Nation's natural gas, oil and other mineral resources on the Outer Continental Shelf (OCS), and collects, accounts for, and disburses revenues from offshore federal mineral leases and from onshore mineral leases on federal and Indian lands.

The MMS was established by the Secretary of the Interior in 1982 following the Independent Commission on Fiscal Accountability's recommendation that proper fiscal accountability and management of the public's mineral resources would best be served by an agency devoted solely to minerals management. The Federal Oil and Gas Royalty Management Act passed in 1982 established a framework to improve management of Federal and Indian mineral royalties.

Although a relatively small bureau (approximately 1800 employees located in 20 cities across the United States), MMS activities provide major economic and energy benefits to the Nation, taxpayers, States and the Indian community -- benefits that have both national and local significance.

Since 1982, roughly $86 billion in revenues from mineral activities on Federal lands have been distributed by MMS to the Federal Treasury, States, tribes and Indian allottees. A portion of the revenues distributed to the Treasury goes into an account that supports the Land and Water Conservation Fund.

The OCS continues to play a significant role in our Nation's energy picture. The MMS administers 27 million acres of the OCS under active leases, which supply over 25 percent of the natural gas and 12 percent of the oil produced in the United States. To date, the OCS has produced about 120 trillion cubic feet of natural gas and about 11 billion barrels of oil. While development of offshore mineral resources has already meant billions of dollars in revenues to the United States, MMS is especially mindful of safety and environmental concerns -- striving for the proper balance between providing a domestic energy source and protecting sensitive coastal and marine environments.

The MMS is composed of two specialized operating programs, Offshore Minerals Management (OMM) and the Royalty Management Program (RMP). The Associate Directorates of Policy and Management Improvement and Administration and Budget, and the Office of Communications provide support for the programs.

THE STRATEGIC PLAN

In the Spring of 1996, MMS developed and issued its first MMS-wide long term strategic plan. Historically, long term planning has been an integral part of MMS's management practices. For example, to accomplish its mission to manage the OCS, MMS from inception has used the OCS 5-year program planning process. Long-term and tactical planning were implemented by each program office, but prior to 1994, no overarching, long-term strategy existed at the bureau level.

Developing the Strategic Plan

Responding to the need for a single MMS-wide strategic plan, development began in 1994 through an approach that encouraged input from all members of the organization -- managers, supervisors, and staff. Drafts of the strategic plan were distributed to stakeholders and their feedback was used to revise the plan. This version of the strategic plan contained our mission statement, goals, and strategies.

The MMS has identified two strategic goals, or goal categories, to help achieve its mission and realize its vision to be recognized as the best minerals resource manager. The two goal categories are directly linked to our mission and are based on legislative mandates, the mission and commitments of the Department of the Interior, stakeholder input, and our experiences.

Today, MMS's strategic plan includes mission goals and long-term performance measurement goals linked directly to our two goal categories. The mission goals are clear, measurable, and relevant to the fundamental MMS mission. Performance measures are vital and designed to serve program managers. Again, throughout this phase of plan development, extensive consultation sessions were held with OMB, Congress, key constituency and stakeholder organizations, and other Federal and Department of the Interior offices.

Assumptions

The following assumptions were made regarding key factors in the external environment in which MMS operates.

- Domestic and international demand for minerals will remain stable. Demand for oil and gas will grow slowly, consistent with the Department of Energy's most recent forecasts.

- No significant natural disasters will occur that affect production capabilities on leased properties (for example, a major hurricane in the Gulf of Mexico that destroys offshore platforms).

- No major changes in MMS's mission responsibilities will occur.

- Funding and staffing levels will stay relatively stable.

Some changes in these factors are inevitable and can be accommodated. However, a significant change may adversely impact MMS's ability to achieve its goals.

Limiting Factors

While many factors can have an impact on program accomplishments, the following discussion focuses on only the most significant external factors.

An external factor that may affect MMS accomplishments is the impact of a tanker accident and subsequent spill. Even though the vast majority of our OCS production is transported by pipelines, which have an outstanding safety record, oil spills from tankers (for example, the Exxon Valdez incident) can dramatically impact our program and its planned accomplishments.

The recently enacted Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 authorizes delegation of additional royalty activities to States. This will require RMP to change royalty and production accounting systems, develop and issue new regulations, and implement new procedures. The law also may change the way MMS relates to its customers, especially in the areas of royalty reporting, distribution, and verification and in the determination of liability.

The impact of oil and gas price changes is also important. If prices fall, there is less incentive for companies to explore for new resources or develop existing leases. Conversely, when prices rise, companies seek to increase production from existing leases, explore for new resources, and develop existing leases. While price changes are driven by many factors that are outside the control of MMS, they can significantly affect our accomplishments.

Finally, legal disputes may prevent or delay oil and gas activity. National and local shifts in public attitudes toward energy exploration and production can have the same effect.

THE ANNUAL PERFORMANCE PLAN

The Annual Performance Plan describes what MMS expects to accomplish in FY 1999, given the level of funding in the FY 1999 budget, and provides the connection to the long-term goals outlined in the Strategic Plan. The Annual Plan establishes annual performance goals for MMS's programs and activities, the measures that will be used to gauge performance, the means and strategies required to meet the performance goals, and the procedures to verify and validate outcomes.

Non-Federal Parties Involved in Preparing the Plan

The Annual Performance Plan was prepared solely by MMS employees. A contractor was used only in a minor role to assess the extent to which the plan met the requirements of GPRA and, where appropriate, to recommend improvements.

Adjustments to the Strategic Plan

The MMS is making the following minor adjustments to its Strategic Plan through this document:

1. Goal structure and terminology has been changed to reflect a common set being used across the Department of the Interior. The MMS is revising some of the terms in its Strategic Plan to match the Department's structure. The following crosswalk briefly describes the new terminology and hierarchy used in the Strategic Plan and this Annual Plan.

Terms		Definitions and Examples
Used in this FY 1999 Annual Plan	Used in MMS's Strategic Plan for 1997-2002	
Goal Categories	Mission Goals	Broad, permanent goals based on MMS's legislated mandates. *Example: Provide for safe and environmentally sound mineral development on the OCS and ensure the public receives fair value.*
Mission Goals	Performance Objectives	The consolidation, aggregation or disaggregation of program activities that are covered or described by a set of performance goals. Defines how a bureau will carry out its mission and are usually outcome oriented. *Example: Provide for mineral development on the OCS.*
Long term goal	Measurement Indicator	A description of the intended result, effect or consequence of a program. Provides a measurable indication of future success. *Example: By 2002, show a reduction in the rate of decline in the reserves-to-production ratio below the 1990-95 rates of 0.84/year and 0.32/year for oil and gas, respectively.*

Annual Performance Goal	Not Applicable	The annual increment of the longer term goals. Contains a target level of performance to be achieved in a particular year. *Example: In 2000, the rate is estimated to decline to 0.82/year and to 0.31/year, for oil and for gas, respectively.*

2. Based on the response and direction of the Office of Management and Budget, General Accounting Office (GAO), and Congress to focus on performance and results/outcomes and to keep management and means type goals to a minimum, MMS will be removing the administrative and human resources goals in the next formal revision to its Strategic Plan. In the interim, these goals no longer will be considered part of the Strategic Plan and will not be included in the Annual Plan or in the annual report. Support documents to the GPRA plan are being developed and will be available for the following administrative and human resource goals that were previously contained in the Strategic Plan.

- Ensure continuous development and growth of MMS employees.
- Increase employee innovation, involvement, and decision making.
- Provide timely recognition and reward for contributions that support the MMS mission.

3. The RMP customer service and communication mission goal is being deleted at this time because we will have no data to report until after 2002. The MMS has suspended changes to current processes and systems, in order to focus resources on our long-term reengineering efforts. As we reengineer, MMS is incorporating information from previous customer surveys and continuing outreach sessions and partnerships. Due to the breadth and intensity of the reengineering, a customer survey initiated now would be obsolete and inaccurately reflect the current situation when it is finally completed. We do not plan to do another formal customer survey until after 2002, when reengineering processes and systems have been implemented and customers have had an opportunity to know how well they serve their needs.

MMS considers the opinions and needs of its customers and stakeholders important. We meet regularly with our constituents and continually incorporate their feedback into our strategic planning efforts.

Requests for Waivers

No requests for waivers of administrative requirements to provide managerial flexibility are being requested in this plan.

LINKING THE ANNUAL PLAN TO THE STRATEGIC PLAN

The Annual Performance Plan is directly linked to the Strategic Plan through the two goal categories and supporting mission goals and annualized performance goals.

Goal Category 1 reflects three primary facets of the MMS mission as mandated in the Outer Continental Shelf Lands Act (OCSLA), the National Environmental Policy Act and related legislation: 1) to make OCS lands available for mineral development to meet national needs, 2) to ensure that any such development is conducted in a safe and environmentally sound manner, and 3) to ensure that fair value is received for making these resources available. The goal and performance objectives were selected to reflect these obligations.

Goal Category 2 reflects the MMS mission as primarily mandated by the Federal Oil and Gas Royalty Management Act of 1982. The goal reflects our compliance with the following related legislation: 1) the OCSLA; 2) the Mineral Leasing Act and the Mineral Leasing Act for Acquired Lands; 3) the Indian mineral leasing laws; 4) the Geothermal Steam Act; 5) Indian Self-Determination and Education Assistance Act; and 6) the Royalty Simplification and Fairness Act of 1996.

Fiscal Year 1999 is the first year for performance planning, making this MMS's first Annual Performance Plan. The Annual Plan connects the two long-range or goal categories with performance goals that are annualized to determine progress in meeting those goals. The MMS's Strategic Plan covers the years 1997-2002, in accordance with GPRA.

Measuring Performance

The MMS has developed quantifiable long-term and annual performance goals for each mission goal. Annual performance goals represent the annual increment of accomplishment for longer-term performance goals supporting each mission goal and provide the specific annual measure or indicator for measuring progress on an annual basis. This linkage allows progress to be measured over the life of the strategic plan and will allow trending of data to indicate long term progress in achieving the intended programmatic results and outcomes. These indicators will measure program outcomes using available data and will provide a quantitative assessment of our annual progress towards reaching MMS's long-range goals.

The following chart presents MMS's strategic framework and shows strategic goals and objectives linked to annual performance goals.

STRATEGIC FRAMEWORK

GOAL CATEGORY	MISSION GOALS	LONG-TERM GOALS	FY 1999 ANNUAL GOALS
1. Provide for safe and environmentally sound mineral development on the Outer Continental Shelf, and ensure that the public receives fair value.	Ensure safe OCS mineral development.	By 2002, show a decrease in the accident index below the 1996 level of 0.612.	The accident index is not greater than 0.594.
	Ensure environmentally sound OCS mineral development.	By 2002, show a decrease in the number of adverse environmental impacts per OCS mineral development activity below the 1998 baseline.	Baseline less 0.5-1.0%.
		By 2002, show a decrease in the amount of oil spilled below the 1992-96 average level of 5.09 barrels spilled per million barrels produced.	Oil spill rate not greater than 5.07 barrels/million barrels produced.
	Ensure that the public receives fair value for OCS mineral development.	From 1997-2002, the ratio of high bids received for OCS leases to the greater of MMS's estimate of value or the minimum bid does not decrease below the 1989-95 average level of 1.8 to 1.0.	Ratio at 1.8.
		By 2002, decrease below the 1989-96 average level of 7 % the tracts classified as nonviable but on which a lessee makes a discovery within 5 years that a well is capable of producing in paying quantities.	Discoveries in no more than 6.8 % tracts classified nonviable.
	Provide for mineral development on the OCS.	By 2002, show an increase in the annual number of leases on which exploratory wells are drilled above the 1992-96 average level of 250 leases.	Exploratory wells drilled on 265 leases.
		By 2002, show a reduction in the rate of decline in the oil and gas reserves-to-production ratio that occurred from 1990-95, which was 11.5 to 7.3 for oil (0.84 per year) and 7.6 to 6.0 for gas (0.32 per year).	Reserves to production rate at 0.82 for oil and 0.31 for gas.
		By 2002, show an increase in annual OCS production above the 1996 level of 429 million barrels of oil, 5.0 trillion cubic feet of gas, 2.1 million long tons of sulphur, and 0.81 million cubic yards of sand and gravel.	OCS production goals: 554 million barrels of oil, 4.9 trillion cubic feet of gas, 2.1 million long tons of sulphur and 25.4 million cubic yards of sand and gravel.

GOAL CATEGORY	MISSION GOALS	LONG-TERM GOALS	FY 1999 ANNUAL GOALS
2. Provide timely, accurate, and cost-effective mineral royalty collection and disbursement services.	Improve the timeliness and accuracy of payments to States, Indian tribes, BIA offices, and other Federal Agencies.	Through 2002, maintain or increase the percentage of the collected dollars and accompanying information that is provided timely to States and Indians.	98.7 percent of collected dollars and information are provided timely.
		By 2002, decrease the late disbursement interest costs to $30,000 per year.	Interest costs not more than $45,000.
	Improve the cost effectiveness of mineral royalty collection and disbursement services.	By 2000[1], increase the percentage of royalty reports, production reports, and dollars received electronically to * 99 percent for royalty reporting * 99 percent for production reporting, and * 96 percent for dollars received	96% of royalty reports are received electronically 95% of production reports are received electronically 95% of dollars are received electronically
	Improve reporters' compliance with lease terms, rules, regulations, and laws.	Through 2002, maintain or increase the percentage of royalty and production reports submitted by reporters without fatal errors.	97.5% of royalty and productions reports are submitted without fatal errors.
		By 2002, achieve a Compliance Index (actual voluntary royalty payments/expected royalty payments) of .98.	Achieve a Compliance Index of .975.
	Provide Indian tribes with increased opportunities for education and for assuming functional responsibilities with respect to the Royalty Management Program.	By 2002, increase the number of Indian tribes that take part in one or more educational opportunities or that assume one or more functional responsibilities.	15 Tribes with System (BIS) access 5 Tribes training IPA's or Internships 8 Tribes Assuming Functions (audits, etc.)

[1] Our recent technology analysis provided an MMS plan for converting the remaining reporters. Based on this plan, we are extending our initial 1999 target to 2000. The previous target of 100 percent has been adjusted to exclude small reporters for which electronic reporting would be a hardship.

Gathering Baseline Data

The MMS's Offshore Program has established baselines based on existing information for seven of eight MMS performance measures. The most recent data available was used for each measure. Baselines have not been established for the performance measure that deals with adverse environmental impacts. The MMS is beginning a new program to determine the number of incidences of adverse environmental impacts that result from OCS mineral development. This value will be divided by the number of OCS mineral development activities to determine an environmental impact rate for OCS activities. Since it is not possible to measure all potential impacts in the marine environment, this rate will be an indicator of environmental impacts and should not be construed as the number of impacts per activity or a measurement of all impacts that could occur. Instead, the index should be compared between years. Development of this approach was completed in December 1997. By the end of calendar year 1998, MMS expects to have sufficient data to establish baselines for this performance measure.

The RMP has participated in the GPRA pilot since 1994. Therefore, the measures for Goal 2 have historical baseline information available. The RMP continues to define new measures; once they are tested to ensure they are meaningful and appropriate, they will be incorporated into future years' annual performance plans.

STRATEGIES FOR ACHIEVING GOALS

Many of our strategies for achieving the goals are inherent in good management and are focused on improving the way we do business. We continue to look for ways to simplify and streamline our processes and for re-engineering opportunities.

We will incorporate a variety of approaches and strategies as we move to implement the goals we have established. We will improve our decision making process, apply modern information systems to improve work quality and service, maintain a high level of scientific expertise and base decisions on high quality science, issue regulations that focus on results rather than processes, and reward innovation.

The MMS strategies for achieving the goals and objectives embodied in MMS's strategic plan include:

- Improving the decision making process through increased internal coordination and involvement of relevant staff;
- Ensuring that customers and stakeholders are involved in the decision making process;
- Assisting and encouraging customers and stakeholders to comply with regulations;
- Recognizing and responding to the public's concerns;
- Using modern information tools to improve processes and to receive and disseminate information;

- Streamlining operations and simplifying processes;
- Maintaining a high level of scientific and technical expertise;
- Issuing regulations that focus on results rather than processes; and
- Providing a consistently high level of customer service.

Operational Processes

The cornerstone process for the MMS's Offshore Program is the process for determining which areas are acceptable and suitable for exploration and development. This process involves an evaluation of OCS areas that are prospective for natural gas, oil and other marine minerals, and a parallel determination of the potential environmental impacts that may result from leasing and developing these natural resources in these prospective areas. Information critical to the decision process is derived from numerous sources internal and external to the agency including studies, public hearings, results of modeling technical information, and national policies and goals. Where leasing has been permitted, other factors ensure that activities conducted on the OCS are consistent with terms of a decision. Such factors include establishing and enforcing regulations, conducting inspections of OCS activities, monitoring impacts, and gathering technical information that could result in improvements in procedures and in projected outcomes.

The MMS's RMP recently embarked upon a business process reengineering initiative to address all of its core business processes including financial, accounting, and compliance operations. The objective of this program-wide effort is to design and implement new royalty management business processes and support systems for the 21st century. To guide the effort, RMP senior managers established stretch goals calling for radical improvements in accounting and compliance operations. Accomplishing these goals will require a major refocusing and reorganizing of RMP around its processes and a shift of performance perspective from outputs to outcomes. The expected result is a much different RMP for the future that is process centered, focused on outcomes, less costly, and well positioned to meet a changing and expanding mission.

Skills and Technology

The MMS decision making process requires a wide array of skills and technology. The work requires capable administrators and managers, technical specialists in such fields as geology, geophysics, auditing, petroleum engineering, accounting, economics, environmental science, law, legislative affairs, public affairs, and other supporting professions. The information needs of this process are significant, and MMS employs modern information technology tools to make most efficient and effective use of the data. The MMS also offers various electronic reporting alternatives, including electronic data interchange, magnetic tape, diskettes, and electronic mail.

The MMS is rapidly increasing use of the Internet as a vehicle to communicate with customers and stakeholders.

Resources

The MMS's capital resources include headquarters facilities in the Washington, D.C., metropolitan area, and facilities in several other locations throughout the United States. Capital resources are typical for business settings in terms of space, communications, and modern office equipment. The MMS has made a significant investment in modernizing its important data processing capabilities. The MMS employed 1,702 full-time equivalent positions in FY 1997 with a budget of $204.4 million. In FY 1998, those figures, including an FY 1998 supplemental appropriation request, are projected at 1,737 full-time equivalents and a budget of $215.3 million. The MMS budget includes offsetting collections of $65 million in 1998. The FY 1999 enacted resources totals $224 million, of which $100 million are from offsetting collections, and 1,731 projected FTE.

VERIFYING AND VALIDATING PERFORMANCE

A number of efforts are used by MMS to verify and validate its performance. Data and information from the performance measures used in support of the plan will be gathered and analyzed using standard, statistically valid methods to ensure that accurate and verifiable information is produced. Methods and procedures for collecting this information will be routinely evaluated and validated by program managers responsible for collecting and reporting the information.

The evaluation system is a balance of cyclical, in-depth appraisals and ongoing self-analysis and quality improvements of program components. The approach relies on performance measurement and internal and external customer feedback. Program performance is evaluated through management assessments, business process reengineering, participation in pilot projects, quality improvement reviews, management control reviews, Office of the Inspector General (OIG) and GAO audits, process action teams, and customer satisfaction.

Baselines have been developed for all but one long-term goal and the information has been tested and validated. Much of the information for developing the baselines has been collected from existing systems. The environmental measurement baseline will be available in early 1999. To track performance, we are exploring the available performance management software systems designed to collect performance data, analyze results against established goals in various configurations linked to budget activities, and provide clear and useful reports for managers.

Management Assessments

The MMS executives and senior managers meet periodically to assess organizational performance. Critical operating components and policy issues are targeted for discussion and review to solve problems and make improvements. These periodic assessments occur in small group settings among program managers and in larger group settings where all bureau managers participate.

Business Process Reengineering

The RMP reengineering effort includes trends of findings from program evaluations as it analyzes current RMP processes. In 1996, RMP began a reengineering effort to improve the business processes in its compliance operations. In March 1997, a formal decision was made to expand reengineering beyond compliance activities and conduct an in-depth reengineering of all RMP core business processes. Reengineering in the business environment challenges the underlying assumptions on which the organization is built and fundamentally redesigns the systems, processes, and structures around desired outcomes, rather than functions, departments, inputs and outputs. The reengineering effort undertaken by RMP involves mapping of core business processes as they now exist; assessing the impact of new legislation; benchmarking with others to determine "best practices"; identifying customer needs and expectations; redesigning business processes for dramatic improvement; testing and prototyping new designs; and ultimately implementing the redesigned processes. Central to the reengineering effort is refocusing and reorganizing the RMP around its processes and shifting its performance perspective from outputs to the outcomes outlined in the strategic and annual plans.

The Offshore program initiated several reengineering projects in FY 1998 that are noteworthy: 1) reviewing the resource evaluation process for lease sales to aggressively identify opportunities for improving the efficiency, timeliness, and quality of evaluations with the goal of reducing the time and effort expended on the tract evaluation process; 2) devising an alternative lease sale format that can increase competition and enhance MMS's assurance of receiving fair market value while reducing the expense of tract evaluation; 3) revising the current lease sale planning process to reduce redundant analysis and shorten time needed to prepare and approve a new program while ensuring compliance with statutory requirements; and 4) revising the sale-specific lease process to better utilize technology to realize cost and time savings and to make the process clearer and simpler.

In addition, MMS has pursued performance improvements through an innovations program. Since the latter part of 1995, nearly 30 major innovations have been adopted with more than a dozen new improvements in progress or under consideration. Examples include:

- *Realizing major efficiencies in resolving royalty and production volume inconsistencies*
- *Publishing a CD-ROM set of 50 years of Gulf of Mexico oil and gas information*
- *Converting the MMS Gulf Region Public Information Office to a paperless system*
- *Establishing an internship program for Indian tribes with mineral resources*
- *Cutting costs and improving service by listening to customers*
- *Reducing duplicate reporting and eliminating paperwork for industry*
- *Realizing a million dollars in savings through process streamlining and technology*

New innovations involving such areas as electronic filing, meter inspections, electronic funds transfer, and interagency cooperation are under development or testing. These efforts promise to add further quality improvements and efficiencies to MMS business practices and savings and benefits to our customers.

Program Reviews

These reviews are conducted on the basis of perceived need as determined from internal and external input. Recent reviews include:

- Inspection consistency;
- Multi-sale Environmental Impact Statement process;
- Supplemental bonding;
- Offshore Automated Data Processing functional assessment (Gulf of Mexico Region);
- Gulf of Mexico Region organizational review;
- Availability of prelease permits on the Internet (Oct. 1997);
- Regulatory process review;
- Review of all MMS administrative functions; and
- Budget justification redesign.

Management Control Reviews and Audits

Management control reviews are conducted on a rotating basis among the various program and functional areas under a 5-year plan. These reviews examine whether adequate controls are in place to ensure intended results are achieved, resources are protected, and management information is reliable.

The RMP is a major source of revenue to the Federal Government, and therefore is continuously under review by oversight agencies such as OIG and GAO. Such agencies have issued more than 150 reports containing more than 450 recommendations.

Customer Satisfaction

Customer satisfaction is one of the most important measurable outcomes for MMS. We have actively pursued customer and stakeholder participation throughout the strategic planning process and the plan contains many customer-based goals.

The MMS frequently and regularly takes the opportunity to involve customers in our implementation activities. A key aspect of RMP's reengineering transition and implementation is the continuing engagement of States, Tribes and industry as full partners in the process. These partnerships provide yet another avenue for constituency involvement in refining RMP's future business processes; delineating reporting requirements; and leveraging information technology to achieve RMP's 21st century business goals and objectives. State and Tribal representatives will continue to be intimately involved as partners in the Reengineering Initiative through the design and development teams and the Operational Models. Similarly, industry participation will continue through the Council of Petroleum Accountants Societies, and will be augmented by partnerships with several royalty payors and production reporters who will provide representative input related to oil and gas and solid minerals royalty management.

The MMS also receives insights from its stakeholders and customers through its various advisory councils and has established an extensive network of working relations with States, localities, industry and the environmental community. Public meetings are held frequently on all aspects of OCS exploration and development. Examples include the meetings and negotiations which resulted in a Beaufort Sea sale acceptable to all parties, and the first ever National Strategic Plan for the MMS Environmental Studies. The MMS also provides vast amounts of OCS data on its Internet library site, for which it received a Hammer Award for its participation in the multi-agency development of the Alaska Resources Library and Information and Service.

LINKING PERFORMANCE GOALS TO BUDGET

While MMS's strategic plan describes the long-term course, the annual plan defines what will be accomplished in any one year as we proceed on that course. The annual plan sets out measurable goals to be accomplished during the fiscal year linked to the budget request using program activity structures. Indicators are embedded within the goals and are shown annualized in the first table.

The following two tables show the direct linkage of MMS's performance goals to the budget. The first table lists each goal and measurement indicator and shows the program and finance codes that provide funds for its accomplishment. The second table shows how the goals relate to each individual account program and finance program activity.

PERFORMANCE GOALS

Perf. Goal Codes	Goals and Indicators	Annual Goal Attainment Level			P&F Codes
		1997 Actual	1998 Actual	1999 Plan	
01.01.00.00.99	*Mission Goal: Ensure safe OCS mineral development.*				1917.0001 1917.0003 8370.0001
01.01.01.00.99	• Long-term Goal: By 2002, show a decrease in the accident index below the 1996 level of 0.612.	n/a	0.583	0.594	
01.02.00.00.99	*Mission Goal: Ensure environmentally sound OCS mineral development.*				1917.0001 1917.0003 8370.0001

Perf. Goal Codes	Goals and Indicators	Annual Goal Attainment Level			P&F Codes
		1997 Actual	1998 Actual	1999 Plan	
01.02.01.01.99	• Long-term Goal: By 2002, show a decrease in the number of adverse environmental impacts per OCS mineral development activity below the 1998 baseline level (to be determined).	---	Establish baseline	Baseline - 0.5-1.0%	
01.02.02.01.99	• Long-term Goal: By 2002, show a decrease in the amount of oil spilled below the 1992-1996 average level of 5.09 barrels spilled per million barrels produced.	n/a	4.70	5.07	
01.03.00.00.99	*Mission Goal: Ensure that the public receives fair value for OCS mineral development.*				1917.0001 1917.0003
01.03.01.01.99	• Long-term Goal: From 1997-2002, the ratio of the high bids received for OCS leases to the greater of MMS's estimate of value or the minimum bid does not decrease below the 1989-1995 average level of 1.8 to 1.0.	n/a	2.73	1.8	
01.03.02.01.99	• Long-term Goal: By 2002, decrease below the 1989-1996 average level of 7 percent the tracts classified as nonviable but on which a lessee makes a discovery within 5 years that a well is capable of producing in paying quantities.	n/a	6.5%	6.8%	
01.04.00.00.99	*Mission goal: Provide for mineral development on the OCS.*				1917.0001 1917.0003
01.04.01.01.99	• Long-term Goal: By 2002, show an increase in the annual number of leases on which exploratory wells are drilled above the 1992-1996 average level of 250 leases.	n/a	323	265	
01.04.02.01.99 01.04.02.02.99	• Long-term Goal: By 2002, show a reduction in the rate of decline in the oil and gas reserves-to-production ratio that occurred from 1990-1995, which was 11.5 to 7.3 for oil (0.84 per year) and 7.6 to 6.0 for gas (0.32 per year).	n/a n/a	0.63 (oil) 0.26 (gas)	0.82 (oil) 0.31 (gas)	
01.04.03.01.99 01.04.03.02.99 01.04.03.03.99 01.04.03.04.99	• Long-term Goal: By 2002, show an increase in annual OCS production above the 1996 level of 429 million barrels of oil (o), 5.0 trillion cubic feet of gas (g), 2.1 million long tons of sulphur (s), and 0.81 million cubic yards of sand and gravel (s/g).	453 (o) 5.2 (g) 1.9 (s) 0 (s/g)	485 (o) 5.1 (g) 2.1 (s) 1.3 (s/g)	554 (o) 4.9 (g) 2.1 (s) 25.4 (s/g)	

Perf. Goal Codes	Goals and Indicators	Goal Attainment Level			P&F codes
		1997 Actual	1998 Actual	1999 Goal	
02.05.00.00.99	*Mission Goal: Improve the timeliness and accuracy of payments to States, Indian tribes, BIA offices, and other Federal agencies.*				1917.0002 1917.0003
02.05.01.01.99	• Long Term Goal: Through 2002, maintain or increase the percentage of the collected dollars and accompanying information that is provided timely to States and Indians.	98.6%	98.7%	98.7%	
02.05.02.01.99	• Long Term Goal: By 2002, decrease the late disbursement interest costs to $30,000 per year.	$62,000	$35,800	$45,000 1/	
02.06.00.00.99	*Mission Goal : Improve the cost-effectiveness of mineral royalty collection and disbursement services.*				1917.0002 1917.0003

	• Long Term Goal: By 2000, increase the percentage received electronically to. 2/				
02.06.01.01.99	99 percent for royalty reports received electronically	78%	79%	96%	
02.06.01.02.99	99 percent for production reports received electronically	54%	52%	95%	
02.06.01.03.99	96 percent Dollars received electronically	92%	94%	95%	
02.07.00.00.99	Mission goal: Improve reporters' compliance with lease terms, rules, regulations, and laws.				1917.0002 1917.0003
02.07.01.01.99	• Long Term Goal: Through 2002, maintain or increase the percentage of royalty and production reports submitted by reporters without fatal errors.	97.5%	96.8%	97.5%	
02.07.02.01.99	• Long Term Goal: By 2002, achieve a Compliance Index (actual voluntary royalty payments/expected royalty payments) of .98.	.975	3/	.975	
02.08.00.00.99	*Mission Goal: Provide Indian tribes with increased opportunities for education and for assuming functional responsibilities with respect to the Royalty Management Program.*				1917.0002 1917.0003
	By 2002, increase the number of Indian tribes that take part in one or more educational opportunities or that assume one or more functional responsibilities.				
02.08.01.01.99	---Tribes with System (BIS) Access	13	14	15	
02.08.01.02.99	---Tribes Training IPA's or Internships	3	4	5	
02.08.01.03.99	---Tribes assuming functions (audits, etc.)	8	8	8	

1/ FY 1999 target not adjusted based on the 1998 actual. We will continue to monitor and make adjustments later, if we learn that this low dollar amount is reflecting a trend rather than an unusual event.

2/ Our recent technology analysis provided an MMS plan for converting the remaining reporters. Based on this plan, we are extending our initial 1999 target to 2000. The previous target of 100 percent has been adjusted to exclude small reporters for which electronic reporting would be a hardship.

3/ Before MMS calculates this index, we wait one year for industry to make adjustments to their royalty and production reports and payments. We calculated the 1995 index in 1997. Compliance Index has not yet be run for 1996--no 1998 actual available. However, we have no reason to believe we are not on target.

PROGRAM ACTIVITIES TABLES

P&F Code	Account/Activity	Budget Authority			Performance Goal Codes
		1997 Actual	1998 Actual	1999 Enacted to Date	
1917.0001	OCS Lands	101,660,000	110,765,000	112,265,000	
	-Leasing & Environ.	28,273,000	30,095,000	35,352,000	01.01.00.00.99, 01.02.00.00.99 01.03.00.00.99
	-Resource Evaluation	18,403,000	22,321,000	22,533,000	01.01.00.00.99, 01.02.00.00.99 01.03.00.00.99 01.04.00.00.99
	-Regulatory	34,422,000	36,227,000	40,190,000	01.01.00.00.99, 01.02.00.00.99 01.03.00.00.99 01.04.00.00.99
	-Info. Management	14,122,000	13,941,000	14,190,000	*
8370.0001	Oil Spill Research	6,440,000	6,118,000	6,118,000	01.01.00.00.99, 01.02.00.00.99

*Information Management is integrated into all OCS program activities, therefore specific performance goals were not developed.

P&F Code	Account Activity	Budget Authority			Performance Goal Codes
		1997 Actual	1998 Actual	1999 Enacted to date	
1917.0002	Royalty Management	70,061,000	68,574,000	72,729,000	
	Valuation and Operations	33,022,000	32,376,000	33,631,000	02.05.00.00.99, 02.06.00.00.99, 02.07.00.00.99, 02.08.00.00.99
	Compliance	34,233,000	33,619,000	36,461,000	02.07.00.00.99 02.08.00.00.99
	Late Distribution Interest	91,000	0	0	02.05.00.00.99
	Indian Allottee Refunds	15,000	15,000	15,000	*
	Program Services Office	2,700,000	2,564,000	2,622,000	* *

* Allottee Refunds provides funds to make small, occasionally needed accounting adjustments. Funds are not for program operations and so no goals were developed.
* *Program Services Office supports all program activities, therefore specific performance goals were not developed.

P&F Code	Account Activity	Budget Authority			Performance Goal Codes
		1997 Actual	1998 Actual.	1999 Enacted to Date	
1917.0003	General Administration	32,672,000	31,313,000	32,908,000	*
	Executive Direction	1,902,000	1,815,000	1,870,000	
	Policy & Management Improvement	3,780,000	3,628,000	3,740,000	
	Administrative Operations	12,514,000	12,118,000	12,592,000	
	General Support Services	14,476,000	13,752,000	14,706,000	

* Supports bureau-wide programmatic goal achievement. No specific GPRA goals have been identified.